

Message Text

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TO SECSTATE WASHDC 5846

INFO AMEMBASSY BANGKOK

AMEMBASSY COPENHAGEN

AMEMBASSY DAR ES SALAAM

AMEMBASSY HELSINKI

AMEMBASSY JAKARTA

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY SANTIAGO

AMEMBASSY VIENTIANE

AMCONSUL HONG KONG

AMCONSUL LOURENCO MARQUES

USLO PEKING

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: PFOR, EAID, SW, VS, CI, IR

SUBJECT: SOCIALIST LEFT WING CHALLENGE TO SWEDISH AID POLICY

1. SUMMARY. ESTABLISHED SWEDISH AID POLICY HAS ITS CRITICS IN THE NON-SOCIALIST OPPOSITION PARTIES, MOST OF WHOM CALL ON THE SOCIALIST GOVERNMENT TO BE EVEN MORE GENEROUS THAN IT IS. WITHIN THE RULING SOCIAL DEMOCRATIC PARTY, YOUNGER AND MORE RADICAL CRITICS HAVE URGED THAT SWEDEN CEASE TAKING PART IN THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND THE WORLD BANK. THEY PROPOSE INSTEAD TO RESTRICT AID TO BILATERAL PROGRAMS

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FOR DESERVING COUNTRIES LIKE THE VIETNAMS AND CUBA, AND TO THE UN SPECIAL FUND. THEY ARGUE THAT THE IDA AND THE WORLD

BANK ARE DOMINATED BY THE US (PERSONIFIED BY MCNAMARA) AND ARE USED ONLY TO SUPPORT REPRESSIVE REGIMES AS IN CHILE, INDONESIA, AND EARLIER, SOUTH VIETNAM. OUTCOME OF SOCIAL DEMOCRATIC PARTY CONGRESS CONSIDERATION OF THESE ARGUMENTS IS REPORTED BELOW. END SUMMARY.

2. DEBATE ON SWEDISH DEVELOPMENT ASSISTANCE POLICY ON SEPTEMBER 30 PROVIDED THE NEAREST THING TO CONFRONTATION THUS FAR AT THE SOCIAL DEMOCRATIC PARTY CONGRESS THAT OPENED SEPTEMBER 27. MAIN CRITICISMS OF SWEDISH AID POLICY VOICED BY YOUNGER, MORE RADICAL DELEGATES CAN BE DEDUCED FROM FOLLOWING SUMMARY OF POINTS MADE IN REBUTTAL SPEECH BY AID MINISTER GERTRUD SIGURDSEN (NEWLY ADMITTED TO THE RULING INNER EXECUTIVE COMMITTEE OF THE PARTY):

--IT IS DISAPPOINTING THAT THE CONCERN OF PARTY WORKERS WITH AID POLICY HAS FOCUSED SO EXCLUSIVELY ON THE INSTITUTIONAL QUESTION OF SWEDEN'S RELATIONSHIP TO THE IDA AND THE WORLD BANK.

--NO SWEDISH DEVELOPMENT AID FUNDS GO TO THE WORLD BANK, WHERE MONEY IS LENT AT COMMERCIAL RATES. THE SWEDISH CONTRIBUTION GOES EXCLUSIVELY TO THE IDA "SOFT LOAN" PROGRAM FOR THE POOREST COUNTRIES.

--BY REMAINING WITHIN THE WORLD BANK, SWEDEN CAN EXERT INFLUENCE ON ITS LENDING POLICIES.

--NEVERTHELESS, RESPONDING TO THE DOUBTS EXPRESSED ABOUT THE IDA, SHE SUPPORTS A RESOLUTION CALLING FOR THE PARTY TO RESTUDY THE AMOUNTS OF SWEDISH ASSISTANCE CHanneled THROUGH IDA AND, ALTERNATIVELY IF THE UN SPECIAL FUND ASSUMES GREATER IMPORTANCE, THAT FUND.

3. SIGURDSEN THEN USED THE OCCASION OF THE PARTY DEBATE TO ANNOUNCE NEW ALLOCATIONS FOR INCREASED DIRECT AID TO SOUTH VIETNAM AND MOZAMBIQUE (SEE SEPTTEL). WITH THIS, PLUS THE REVIEW PROVISIO, THE ASSEMBLED DELEGATES APPROVED PARTY POLICY BY ACCLAMATION.

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4. SWEDISH PRESS REACTION TO SIGURDSEN'S SPEECH HAS FEATURED COMMENTS THAT:

A. HER ARGUMENTS ABOUT SWEDISH INFLUENCE WITHIN WORLD BANK WERE NOT CONVINCING.

B. AN AID MINISTER OUGHT TO BE A MORE ARDENT ADVOCATE OF INCREASED AID EXPENDITURES.

C. ANNOUNCED INCREASES FOR SOUTH VIETNAM AND MOZAMBIQUE WERE HUSH-PUPPY TREATS THROWN OUT TO APPEASE THE PARTY RADICALS AND TO BALANCE THE SCHOOLMISTRESS TONE OF HER LECTURE ABOUT BASIC FACTS ON THE WORLD BANK AND IDA.

5. COMMENT: SWEDISH OPINION, BOTH POPULAR AND SUPPOSEDLY WELL-INFORMED, SEEMS ONLY VAGUELY AWARE OF FACTS ON WORLD BANK AND IDA PROGRAMS, AND EVEN MORE IGNORANT ABOUT THE UN SPECIAL FUND. THE GOS APPEARS TO HAVE LITTLE DIFFICULTY IN DEVISING AND CARRYING OUT DEVELOPMENT POLICIES CHOSEN BY THE SOCIAL DEMOCRATIC PARTY INNER CIRCLE.
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